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# Office of Air Quality (OAQ) Emission Credit Registry

Updated August 23, 2013



# Registry Program Goals

- Assist sources looking for emission offsets for nonattainment **New Source Review (NSR) permitting**
- Provide a central, publicly available location where information about emission credits can be stored and viewed



# Registry Program Highlights

- **Voluntary participation** – No one is required to use this registry to obtain their emission offsets
- **Market-based system** – Entities will trade with each other to obtain emission credits
- **Free Service** – No application fees for the Registry service – only the normal **air permitting fees**
- **No new rules** – Based on what is currently allowed in state rules (**326 IAC 2-3-4**)
- **Flexible** – Only references state rules so the guidance will be updated as rules change, but the program itself doesn't change



# Why Generate Reductions?

- **Health** – Reducing air pollutant emissions will improve the overall air quality in Indiana
- **Offsets** – Reductions can be used to offset increased emissions from growth and expansion projects
- **Economics** – Emission reduction programs often save money through lower fuel usage and using less raw materials and through the sale of emission credits



# Who Will Use the Registry?

- **Regulated sources** that need to find offsets for expansion projects
- **Companies** looking to build new manufacturing facilities in nonattainment areas
- **Citizens and environmental groups** who want to stay informed about Indiana's air quality
- **Companies** that wish to buy, sell, or trade emission credits



# The Registry Process

- ▶ Posting Emission Credits Need List
- ▶ Registering Emission Reductions
- ▶ Transferring Registered Emission Credits
- ▶ Using Registered Credits



## Posting Emission Credits Need List

- **Step 1** – Determine what amount of credits will be needed for your new construction or expansion project
- **Step 2** – Apply to post your need on the Emission Credit Registry website
- **Step 3** – Verify that the list was posted correctly to the website





## Registering Reductions as Credits

- **Step 1** – Generate permanent, quantifiable, federally enforceable, and surplus reductions in air pollutant emissions
- **Step 2** – Apply for permit or source modification
- **Step 3** – Apply to register the reductions as emission credits
- **Step 4** – Verify that the credits were posted correctly to the website
- **Step 5** – Work with IDEM to resolve any issues that may arise



# Transferring Registered Emission Credits

- **Step 1** – Credit seeker will check the website to locate the type and quantity of emission credits wanted
- **Step 2** – Credit seeker will contact the listed owner of credits to work out the details of the transaction
- **Step 3** – Submit an application to update the Registry to show the new owner of credits
- **Step 4** – Verify that the transfer of credits was posted correctly to the website



## Using Registered Credits

- **Step 1** – Check the website to locate the type and quantity of emission credits needed
- **Step 2** – Contact the owner of the credits to work out the details of the transaction
- **Step 3** – Apply for any appropriate permit or source modifications
- **Step 4** – Submit an application to update the Registry
- **Step 5** – Work with IDEM to resolve any issues that may arise



# Explanation and Examples

- ▶ Generating Emission Reductions
- ▶ Registering Reductions as Credits
- ▶ Transferring Registered Emission Credits
- ▶ Using Credits



# Generating Emission Reductions

- **Modifications:**
  - Installation of control equipment
  - Changes in process inputs, formulations, products, product mix, or raw materials
  - Reductions in actual emission rates
  - Reductions in operating hours
- **Production curtailment or shutdown of emitting sources or facilities** – *may not be usable if used in the state's attainment plan*
- Any other enforceable and approved method



## Calculating the Amount of Reduction (Modifications Only)

- **Step 1** – Calculate average actual annual emissions prior to emission reduction using data from the 24-month period immediately preceding the reduction in emissions
- **Step 2** – Calculate annual emission rate following reduction
- **Step 3** – Subtract the annual emissions rate following the reduction from the average actual annual emissions prior to the reduction



## Calculating the Amount of Reduction (Curtailment Only)

- **Step 1** – Calculate average actual annual emissions prior to curtailment using data from the 24-month period immediately preceding the reduction in emissions
- **Step 2** – Calculate allowable annual emission rate following curtailment
- **Step 3** – Subtract the allowable annual emissions rate following the curtailment from the average actual annual emissions prior to the curtailment



# Emissions Calculations Methodology

- The following methods are acceptable for calculating the quantity of emission reductions:
  - AP-42 Compilation of Air Pollutant Emission Factors
  - Stack Test data
  - Continuous Emissions Monitoring System (CEMS) data
  - Other approved methods





## Registering Reductions as Credits

- Registry only includes Indiana reductions
- Registry covers all criteria air pollutants, but not hazardous air pollutants
- Registry only includes stationary sources
- Reductions must be
  - Permanent
  - Federally Enforceable
  - Quantifiable
  - Surplus
- The Federal nonattainment New Source Review (NSR) program, and therefore the Indiana nonattainment NSR program, requires emission credits to be validated at time of use and not time of generation



## Conditions That Qualify the Credits

- **Permanent:** Assured for the life of the emissions unit through an enforceable mechanism
- **Quantifiable:** Amount, rate and characteristics are measurable or calculated through a reliable and approved method
- **Enforceable:** Authority to enforce the requirements that sustain the reduction
- **Surplus:** Voluntary reductions and in excess of those required by any local, state, or federal requirement



# Transferring Registered Emission Credits

- The Generator is the original “owner” of the emission credit
- Credits may be transferred by any means of conveyance permitted under state and federal laws
- The Registry must be updated once transfers are complete so the appropriate “owner” contact information is displayed



## Using Credits

- Credits for a criteria pollutant may only be used to offset emissions of that same criteria pollutant
- Credits are generally used to offset emissions within the nonattainment area where the reductions were generated
- Credits are not usable after a certain amount of time has passed
- “Offsets” versus “Netting”



## 5 Years Plus Time for Construction

- **326 IAC 2-3-4(d):** A decrease in emissions may be credited for offset purposes only if it occurs between the date 5 years before construction commences on a proposed physical or operational change and the date the increase in actual emissions from that change occurs.



## “Offsets” versus “Netting”

- **Pure Offset:** Source A reduces emissions to offset the increase in emissions generated when Source B expands production, or when Source C builds a new manufacturing plant
- **Internal Netting:** Source A reduces emissions in one area of the plant to internally compensate for an increase in emissions that will be created when Source A expands production in another area of the plant



# Additional Documents/Questions

- **Registry website** – answers several common questions about the Registry
- **Fact sheet** – summary of program
- **Application forms and instructions** – explain in detail the process for:
  - Registering emission credits
  - Transferring emission credits
  - Using emission credits
  - Posting an emission credit need



## ***For More Information...***

- **Air Emission Credit Registry**

[www.idem.IN.gov/airquality/2503.htm](http://www.idem.IN.gov/airquality/2503.htm)

- **Jed Wolkins**

Indiana Dept. of Environmental Management  
Office of Air Quality – Permits Branch  
(800) 451-6027 or (317) 233-0178





## ***and More Information...***

### **New Source Review Air Permitting**

<http://www.epa.gov/nsr/>

### **Nonattainment Areas**

[www.idem.IN.gov/airquality/2339.htm](http://www.idem.IN.gov/airquality/2339.htm)

### **Compliance and Technical Assistance Program (CTAP)**

Indiana Dept. of Environmental Management

Office of Pollution Prevention and Technical Assistance

(800) 451-6027 or (317) 233-0178



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